

Background on AAAA Add-On Calculations

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[Section AAAA-5 of 2021 P.L. Ch. 398](#) requires that direct care rates for providers in Section 67 and Section 97, Appendix C enable providers to cover labor costs for essential support workers of at least 125% of the minimum wage. This document explains how the AAAA add-ons were calculated to meet this requirement.

The Department provided facilities with a template on which to provide employee-level wage data for the Department to use as the basis for determining the amount of any facility-specific AAAA rate add-on. Facilities that submitted templates with data issues were given a second opportunity to resubmit. For facilities that either did not submit the template data or did not submit data that was usable, the Department relied on average wage data from cost reports.

For all facilities, the Department first adjusted wages for inflation, using the same inflation applied on the rate letter to other costs between the facility's fiscal year and 6/30/23. Next steps vary based on source data:

Calculation using employee-level cost template data:

The Department identified any essential employees of each facility who had wages that were below 125% of Maine's 2022 minimum wage, \$15.94, then calculated the amount needed on a per diem basis to bring these wages up to the 125% level.

Calculation using cost report data:

The Department calculated each facility's average hourly wage for each essential employee position. For average wages that were below 125% the Department calculated the amount needed on a per diem basis to bring the average wage up to the 125% level.

It is also important to note that:

- For Nursing Facilities, the increases from rebasing rates also helped wages get to 125% of minimum wage, especially given that they incorporated costs supported by previous Supplemental Wage Allowances (SWA) (i.e. in the absence of rebasing, Part AAAA add-on amounts would have had to be higher to bring all employees up to at least 125% of minimum wage).
- Given that Residential Care Facilities do not receive rebasing, in recognition that current wages were also made possible at these facilities by previous SWAs, the Department included facility-specific SWA amounts into the Part AAAA add-on amount.

For questions, please contact [Grace Williams](#) in MaineCare's Rate Setting Unit.